

## State of California

Franchise Tax Board-Legislative Services Bureau  
PO Box 1468  
Sacramento, CA 95812-1468

Telephone: (916)845-4326  
ATSS: 468-4326  
FAX: (916)845-5472

**Legislative Change No.****02-19**Bill Number: AB 2127Author: MatthewsChapter Number: 02-620

Laws Affecting Franchise Tax Board: Revenue and Taxation Code Sections 18831, 18832, 18833, 18834, and 18835

Date Filed with the Secretary of the State: September 17, 2002

**SUBJECT:** Asthma And Lung Disease Research Fund

**Assembly Bill 2127 (Matthews), as enacted on September 17, 2002, made the following changes to California law:**

**Section 18831 of the Revenue and Taxation Code is added.**

This act allows taxpayers to designate their own money, not tax liability, to the Asthma and Lung Disease Research Fund ("fund"). The contributions must be made in full dollar amounts of \$1 or more. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable. If an individual designates to more than one fund and an insufficient amount is available to satisfy the total amount designated, the contribution will be allocated among the designees on a pro rata basis. A deduction will be allowed for any contribution made.

This act requires the Franchise Tax Board (FTB) to include a designation space for the fund on the individual tax return.

This act specifies that the fund designation cannot be added to the tax return until another voluntary contribution is removed.<sup>1</sup>

**Section 18832 of the Revenue and Taxation Code is added.**

This act requires FTB to notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money taxpayers have designated for transfer to the fund.

This act requires the Controller to transfer from the Personal Income Tax Fund to the fund an amount not in excess of the amounts reported by FTB.

<sup>1</sup> Another voluntary contribution was removed, thus this fund will be added to the 2002 tax return.

Bureau Director

Roger Lackey

Date

October 8, 2002

Section 18833 of the Revenue and Taxation Code is added.

This act requires that all money transferred to the fund be allocated, upon appropriation by the Legislature, first to FTB and the Controller for reimbursement of costs incurred performing their duties related to the fund. The remaining money is then allocated to the State Department of Health Services for allocation to the American Lung Association of California to provide research grants to develop and advance the understanding, causes, techniques, and modalities effective in the prevention, care, treatment, and cure of lung disease. The department of Health Services shall have no oversight authority over this money or its uses. The money may not be used for the administrative costs of the State Department of Health Services. Lung diseases and research areas shall include, but are not limited to: (1) asthma, (2) health effects of air pollution, (3) tuberculosis, (4) chronic obstructive pulmonary disease, and (5) emphysema.

Section 18834 of the Revenue and Taxation Code is added.

This act specifies that the intent of the Legislature is to create an additional funding source for asthma and lung disease research and must be used to supplement, not supplant, other funding sources for this research.

Section 18835 of the Revenue and Taxation Code is added.

This act specifies that the provisions establishing the fund shall remain in effect until January 1<sup>st</sup> of the fifth taxable year following the first appearance of the fund on the tax return<sup>2</sup>, and are repealed as of that date, unless a later enacted statute, enacted prior to that date, deletes or extends that date.

If FTB estimates in any calendar year that contributions made to the fund on returns filed in that calendar year will be less than \$250,000 for taxable years beginning the second calendar year after the first taxable year,<sup>3</sup> or the adjusted amount for subsequent years, this article is repealed for taxable years beginning on or after January 1 of that calendar year. FTB is required to estimate the annual contribution amount by September 1 of each year using actual amounts contributed and an estimated contribution amount for the remainder of the year.

For each calendar year beginning with the third calendar year<sup>4</sup> the fund appears on the return, the minimum estimated contribution amount for the calendar year is adjusted for inflation based on the figures for the percentage change in the California Consumer Price Index received on or before August 1<sup>st</sup> of the calendar year.

Any contribution amounts designated prior to the repeal of the article must continue to be transferred and disbursed pursuant to the article as it was in effect immediately preceding its repeal.

This act is effective January 1, 2003.

This act will not require any reports by the department to the Legislature.

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<sup>2</sup> Since the fund shall first appear on the 2002 tax return, the fund shall remain in effect until January 1, 2007.

<sup>3</sup> The first calendar year after the fund appears on the return shall be 2003.

<sup>4</sup> The third calendar year after the fund appears on the return shall be 2005.